

Message Text

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PAGE 01 DACCA 03642 01 OF 02 070958Z

ACTION AID-59

INFO OCT-01 EUR-12 NEA-10 ISO-00 AGRE-00 IGA-02 SP-02

USIA-06 EB-07 NSC-05 EPG-02 TRSE-00 SS-15 STR-04

OMB-01 CEA-01 L-03 /130 W

-----083906 071006Z /10

P 070900Z JUL 77

FM AMEMBASSY DACCA

TO SECSTATE WASHDC PRIORITY 5313

INFO AMEMBASSY PARIS PRIORITY

LIMITED OFFICIAL USE SECTION 1 OF 2 DACCA 3642

PARIS FOR OECD: PASS TO JS TONER, DIRECTOR USAID/BANGLADESH

E.O. 11652: N/A

TAGS: EAID, EAGR, BG

SUBJECT: BDG FY 78 REQUEST FOR PL 480 TITLE I

1. SUMMARY: MISSION RECEIVED JUNE 30, 1977 BDG REQUEST FOR FY 77/78 FOR 500,000 TONS WHEAT, 300,000 TONS RICE, 40,000 TONS EDIBLE OIL, 20,000 TONS TALLOW AND 120,000 BALES COTTON. COPY OF REQUEST WAS POUCHED TO AID/ASIA/BIS ON JULY 1ST. THIS MESSAGE REPORTS; HIGHLIGHTS SUBJECT LETTER. MISSION PROPOSES TO RESPOND WITH TEXT OF U.S. PLEDGING STATEMENT AT PARIS AID GROUP MEETING WHEN IT IS AVAILABLE. END SUMMARY.

2. ON JUNE 30 MISSION RECEIVED LETTER DATED JUNE 28 ADDRESSED TO AMBASSADOR MASTERS FROM A.M.A. MUHITH, SECRETARY, EXTERNAL RESOURCES DIVISION, MINISTRY OF PLANNING. HIGHLIGHTS OF LETTER FOLLOW.

A. 1977/78 IMPORT REQUIREMENT WAS DERIVED FROM GAP ANALYSIS COMPUTATION. POPULATION WILL BE 85.42 MILLION WHO WILL CONSUME AVERAGE OF 15.5 OUNCES CEREAL GRAIN PER DAY FOR TOTAL CONSUMPTION REQUIREMENT OF 13.5 MILLION MT. DOMESTIC
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PAGE 02 DACCA 03642 01 OF 02 070958Z

PRODUCTION IN 77/78 WILL BE 13.2 MILLION TONS GROSS OR 11.88 MILLION MT NET OF SEED, FEED AND WASTAGE. IMPORT REQUIREMENT IS THEREFORE 1.6 MILLION MT.

B. 1976/77 PERFORMANCE ON DONOR COMMITMENTS. LETTER NOTES QUOTE THE DONORS MADE A TOTAL PLEDGE FOR 1.2 MILLION TONS IN THE MEETING UNQUOTE (REFERRING TO MAY, 1976 PARIS AID GROUP MEETING) BUT THAT OF THIS TOTAL ONLY ABOUT 700,000 TONS WILL

ACTUALLY ARRIVE BY JUNE 30, 1977. THUS, QUOTE... THE GOVERNMENT HAD TO BUY 150,000 TONS OF FOODGRAINS OUT OF ITS OWN CHASH RESOURCES BECAUSE OF NON-MATERIALIZATION OF SOME PLEDGES AND RISING TREND IN PRICES, UNQUOTE.

C. 1976/77 PERFORMANCE ON DOMESTIC PROCUREMENT.

LETTER NOTES THAT PERFORMANCE THIS YEAR COMPARES UNFAVORABLY WITH LAST YEAR'S PERFORMANCE. THIS IS EXPLAINED BY SHORTFALL IN AMAN PRODUCTION AND BRISK ACTIVITY ON THE PART OF PRIVATE TRADERS (FYI WHICH THE BDG HAD ENCOURAGED END FYI). THIS SECTION OF LETTER CONCLUDES AS FOLLOWS: QUOTE TO THE EXTENT THE MARKET PRICE WAS PUSHED HIGHER THAN THE PROCUREMENT PRICE AND WAS MAINTAINED AT THAT LEVEL, THE OBJECTIVE TO ENSURE THE MINIMUM PRICE TO THE GROWERS THROUGH PROCUREMENT WAS ACHIEVED. UNQUOTE. FYI. AT THE AMAN HARVEST, PREVAILING PADDY PRICES RANGED BETWEEN 15 AND 20 TAKA PER MAUND LESS THAN THE BDG'S PROCUREMENT PRICE. THE PROCUREMENT DRIVE FAILED DUE TO LACK OF STORAGE SPACE IN MANY LSDS, THE STRICT APPLICATION OF MOISTURE CRITERION FOR PADDY AND TMGE DIVERSION OF ATTENTION TO UNION COUNCIL ELECTIONS. ONLY LATER IN THE PROCUREMENT SEASON, I.E. AT THE BORO HARVEST, DID THE OPEN MARKET PRICE RISE ABOVE THE BDG'S PROCUREMENT PRICE. END FYI.

D. 1977/78 PROCUREMENT PLANS. THE TARGET IS 500,000 TONS. A NEW SUPPORT PRICE FOR AMAN AND AUS HAS BEEN SET AT TAKA 84 AND 78, INCLUSIVE OF TRANSPORTATION BONUS, FOR AMAN AND AUS, RESPECTIVELY. LETTER NOTES THAT FOOD MINISTRY WILL BE REORGANIZED TO IMPROVE PROCUREMENT AND THE UNION PARISHADS LIMITED OFFICIAL USE

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PAGE 03 DACCA 03642 01 OF 02 070958Z

WILL BE INVOLVED. THIS SECTION OF LETTER CONCLUDES WITH THE FOLLOWING COMMENT: QUOTE THE GOVERNMENT IS ALSO CONTEMPLATING TO PROCURE BORO CROP WITH MORE MOISTURE CONTENT THAN IS SPECIFIED, AND THEN DRY IT BEFORE BAGGING AND PUTTING IT IN THE GODOWNS. BUT THIS WILL ONLY BE POSSIBLE WHEN SPACE AND CIRCUMSTANCES WOULD PERMIT IT. UNQUOTE.

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PAGE 01 DACCA 03642 02 OF 02 071003Z
ACTION AID-59

INFO OCT-01 EUR-12 NEA-10 ISO-00 AGRE-00 IGA-02 SP-02
USIA-06 EB-07 NSC-05 EPG-02 TRSE-00 SS-15 STR-04

OMB-01 CEA-01 L-03 /130 W

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P 070900Z JUL 77

FM AMEMBASSY DACCA

TO SECSTATE WASHDC PRIORITY 5314

INFO AMEMBASSY PARIS PRIORITY

LIMITED OFFICIAL USE SECTION 2 OF 2 DACCA 3642

PARIS FOR OECD: PASS TO JS TONER, DIRECTOR USAID/BANGLADESH

E. 1977/78 OFFTAKES. THE ESTIMATED TOTAL IS 1.76 MILLION TONS INCLUDING 260,000 TONS FOR FFW. LETTER REITERATES BDG INTENTION TO EXCLUDE MOST AFFLUENT CARD-HOLDERS FROM RATION SYSTEM UPON COMPLETION OF INCOME SURVEY. LETTER ALSO SUGGESTS RATION MIX WILL BE CHANGED TO REDUCE RICE OFFTAKES, THEREBY GENERATING ADDITIONAL DEMAND FOR RICE IN THE OPEN MARKET BY MORE AFFLUENT SECTION OF POPULATION. THIS MOVE WILL PROTECT LOWER INCOME GROUP FROM BEING ADVERSELY AFFECTED BY A REDUCTION IN THE TOTAL RATION QUOTA (WHEAT AND RICE).

F. 1977UI RATION SUBSIDY. LETTER STATES, QUOTE IN THE RECENT BUDGET SPEECH, THE PRESIDENT ANNOUNCED IN VERY CLEAR TERMS THE INTENTION OF THE GOVERNMENT TO REDUCE SUBSIDY IN THE RATION SYSTEM, UNQUOTE. FYI: ANALYSIS OF 1977/78 BUDGET CONDUCTED BY EMBASSY ECON COUNSELOR SUGGESTED NUMBERS IMPLY ONLY A SMALL -- PERHAPS 10 PERCENT-- INCREASE IN RATION PRICES; BUT THERE IS NO EXPLICIT UNDERTAKING IN BUDGET TO RAISE PRICES BY A SPECIFIC AMOUNT. END FYI.

G. JUNE 30, 1978 STOCK TARGET SET AT ONE MILLION TONS, AS ENDORSED BY RECENT IBRD REPORT.
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PAGE 02 DACCA 03642 02 OF 02 071003Z

H. EDIBLE OIL. TOTAL REQUIREMENT ESTIMATED AT 229,000 TONS, OR 6 POUNDS PER CAPITA. DOMESTIC PRODUCTION ESTIMATED AT 200,000 TONS WHICH WOULD YIELD 66,000 TONS OF OIL OR A DEFICIT OF 163,000 TONS. THIS SECTION OF LETTER CONCLUDES AS FOLLOWS: QUOTE THE IMPORT REQUIREMENT OF EDIBLE OIL IS, HOWEVER, ESTIMATED AT A LOWER FIGURE OF 108,000 TONS ON THE BASIS OF DESIRABLE MONTHLY OFFTAKE RATE OF 9,000 TONS UNQUOTE. FYI. THIS LATTER RATE COMPARES WITH RECENT BDG INFORMAL PLEDGE TO LIMIT EDIBLE OIL REATION OFFTAKES TO 3,000 TONS PER MONTH. END FYI.

I. INEDIBLE TALLOW. TOTAL REQUIREMENT FOR 1977/78 ESTIMATED AT 40,000 MT. LETTER NOTES QUOTE IN THE PAST NO TALLOW WAS SUPPLIED TO US UNDER THE PL 480 TITLE I PROGRAMMED DESPITE OUR REQUESTS. UNQUOTE. REQUEST IS FOR 20,000 TONS.

J. RAW COTTON. TOTAL REQUIREMENT IS 240,000 BAILS (500 POUNDS) AGAINST WHICH TOTAL DOMESTIC PRODUCTION IS QUOTE ALMOST NIL UNQUOTE. LETTER STATES QUOTE...U.S.A. AS THE LARGEST PRODUCER AND EXPORTER OF RAW COTTON IN THE WORLD, IS A MAJOR SOURCE OF OUR IMPORT OF RAW COTTON. IN THE PAST DESPITE OUR REPEATED REQUESTS TO THE U.S. GOVERNMENT TO MEET OUR REQUIREMENTS OF RAW COTTON, NO COTTON WAS EVER SUPPLIED TO BANGLADESH UNDER PL 480 TITLE I PROGRAMME. IT WOULD BE A GREAT LP TO US IF... AT LEAST 120,000 BAILS COULD BE OBTAINED UNDER PL 480 TITLE I...UNQUOTE. THE SPECIFIC REQUEST IS FOR 60,000 BALES ONE INCH STAPLE LENGTH AND 60,000 BALES 31/32 INCH STAPLE LENGTH.

3. PROPOSED RESPONSE TO BDG REQUEST. MISSION PROPOSES TO ACKNOWLEDGE RECEIPT BDG REQUEST AND TO NOTE THE REQUEST HAS BEEN FORWARDED TO WASHINGTON. WE WILL NOTE THAT FOLLOWING THE IBRD'S LEAD, WE NO LONGER UTILIZE THE GAP ANALYSIS AS THE BASIS FOR COMPUTING REQUIREMENTS. PER THE IBRD LIMITED OFFICIAL USE

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PAGE 03 DACCA 03642 02 OF 02 071003Z

RECOMMENDATION WE WOULD PREFER TO USE THE QUOTE REQUIREMENTS ANALYSIS UNQUOTE. MISSION ALSO PROPOSES TO QUOTE THE TEXT OF THE U.S. PLEDGING STATEMENT AT PARIS WITH RESPECT TO PL 480 TITLE I AND II IN OUR RESPONSE TO BDG LETTER.

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Message Attributes

Automatic Decaptioning: X
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Control Number: n/a
Copy: SINGLE
Sent Date: 07-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Drafter: n/a
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Executive Order: N/A
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SAS ID: 1942123
Secure: OPEN
Status: NATIVE
Subject: BDG FY 78 REQUEST FOR PL 480 TITLE I
TAGS: EAID, EAGR, BG
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